

Hearing Date: October 27, 2005 at 10:00 a.m.

VORYS, SATER, SEYMOUR AND PEASE LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43215
(614) 464-6422
Robert J. Sidman (*pro hac vice* motion pending)
Robert A. Bell (*pro hac vice* motion pending)

Attorneys for HONDA ENTITIES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re : Chapter 11
DELPHI CORPORATION et al., : Case No. 05-44481 (RDD)
Debtors. : (Jointly Administered)

**LIMITED OBJECTION OF HONDA ENTITIES TO FINANCING
MOTION AND INTERIM AND/OR FINAL DIP FINANCING ORDER**

Honda of America Manufacturing, Inc. on behalf of itself and its affiliates (the “Honda Entities”) hereby files this limited objection (the “Limited Objection”) to the Financing Motion (defined below) and the Interim and/or Final¹ DIP Financing Order (defined below).

Honda’s objection is limited to the issue of whether the Financing Motion or Interim DIP Financing Order limits or impairs any setoff rights of the Honda Entities protected by Section 553 of the Bankruptcy Code and other applicable non-bankruptcy law.

¹ The Honda Entities understand that a proposed Final DIP Financing Order may be tendered to the Court at the October 27, 2005 Hearing. To the extent that the Final DIP Financing Order limits or impairs the setoff and/or recoupment rights of the Honda Entities in any way, the Honda Entities object to the entry of such Final DIP Financing Order.

I. BACKGROUND

1. On October 8, 2005 (the “Petition Date”), the Debtors filed their voluntary petitions for bankruptcy relief under chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et. seq. (the “Bankruptcy Code”). Debtors continue to operate their business and manage their affairs as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

2. On the Petition Date, the Debtors filed their Motion for Order Under 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) and Fed. Bankr. 2002, 4001 and 9014 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) to Utilize Cash Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties and (IV) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the “Financing Motion”) (docket number 42). The Financing Motion does not request any relief as to the setoff and/or recoupment rights of the Honda Entities.

3. Attached to the Financing Motion was a proposed Interim Order Under 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) and Fed. Bankr. 2002, 4001 and 9014 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) to Utilize Cash Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties and (IV) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the “Proposed Interim DIP Financing Order”). The Proposed Interim DIP Financing Order contained no language addressing the setoff and/or recoupment rights of the Honda Entities.

4. The Honda Entities were not served with the Financing Motion and the Proposed Interim DIP Financing Order, and had no notice that additional language was added to the Proposed Interim DIP Financing Order relating to the setoff rights of the Honda Entities.

5. On October 12, 2005, this Court entered the Interim Order Under 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) and Fed. Bankr. 2002, 4001 and 9014 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) to Utilize Cash Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties and (IV) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the “Interim DIP Financing Order”) (docket number 164). The Interim Financing Order contained a new paragraph 18 relating to setoff rights.

6. The Interim DIP Financing Order set October 20, 2005 at 4:00 p.m. (the “Objection Deadline”) as the deadline for parties to file objections to the relief requested in the Financing Motion. The Interim DIP Financing Order also scheduled a final hearing on the Financing Motion for October 27, 2005 (the “Financing Motion Hearing”).

II. Objections

A. The Interim DIP Financing Order Objections

7. Pursuant to Section 553 of the Bankruptcy Code and applicable non-bankruptcy law, the Honda Entities are entitled to retain any pre-petition rights of setoff it may have with respect to debts owing between the Honda Entities and the Debtors.

8. New paragraph 18 of the Interim DIP Financing Order (the “Setoff Provision”) has the effect of impairing the setoff rights of the Honda Entities. The Honda Entities had no notice of the provisions of new paragraph 18.

9. For the reasons contained in the Limited Objection of Mercedes-Benz International, Inc. to Debtors’ Motion for an Order Authorizing Debtors to Obtain Post-petition Financing and for Related Relief (the “Mercedes Objection”), the Limited Objection of DaimlerChrysler Corporation to Interim DIP Financing Order (the “Daimler Objection”) and the

Limited Objection by Robert Bosch Corporation and Affiliates to Financing Motion and Interim DIP Financing Order, and Requests By Bosch for Adequate Protection for Pre-Petition Setoff Rights (the “Bosch Objection”), the Honda Entities object to the Setoff Provision. The Honda Entities hereby adopt and incorporate herein by reference the arguments contained in the Mercedes Objection, the Daimler Objection and the Bosch Objection.

B. The Financing Motion Objections

10. In addition, the Honda Entities object to the Financing Motion to the extent it now seeks a final order incorporating the Setoff Provision, or provisions of similar import.

11. To the extent that the Debtors now seek a final order containing the same or a similar Setoff Provision, the Honda Entities adopt and incorporate each of the arguments advanced in the Mercedes Objection, the Daimler Objection and the Bosch Objection against such relief.

C. Notice Objection

12. Notwithstanding that this objection may be filed after the purported (but not noticed) Objection Deadline, the Honda Entities request that the Court consider this Limited Objection timely filed.

13. The Debtors did not provide the Honda Entities (nor to its knowledge any other adversely affected party) with proper notice of their intent to seek the relief provided in the Setoff Provision. Neither the Financing Motion, nor the Proposed Interim DIP Financing Order, place any party on notice that their setoff rights would be effected by an order approving the Financing Motion. Neither pleading mentions third party setoff rights.

14. Due to the Debtors’ failure to provide proper notice to parties in interest, the Honda Entities should not be denied the right to be heard on this matter.

III. CONCLUSION

15. The Honda Entities respectfully request that the Court only approve the final order authorizing the relief requested in the Financing Motion (a) if the Setoff Provision is removed; or alternatively, (b) if the order grants Honda full and adequate protection for its setoff rights.

Dated: October 24, 2005

VORYS SATER SEYMOUR AND PEASE LLP

By: /s/ Robert J. Sidman
Robert J. Sidman (OH 0017390)
52 East Gay Street
Columbus, Ohio 43215
Tel: (614) 464-6422
Fax: (614) 719-4962

Attorneys for Honda

CERTIFICATE OF SERVICE

I, Robert J. Sidman, hereby certify that on this the 24th day of October, 2005, I served a copy of the above Limited Objection upon the parties on the following Service List by Electronic Noticing and by overnight mail or regular U.S. mail, postage prepaid, as indicated below.

/s/ Robert J. Sidman

Robert J. Sidman

SERVICE LIST

By Overnight Mail:

Delphi Corporation
Attn: Sean Corcoran, Karen Craft
5725 Delphi Drive
Troy, MI 48098

Skadden, Arps, Slate, Meagher & Flom LLP
Attn: John W. Butler, Jr., John K. Lyons, Ron E. Meisler
Attorneys for the Debtors
333 West Wacker Drive
Chicago, IL 60606

Skadden, Arps, Slate Meagher & Flom LLP
Attn: Kayalyn A. Marafiot, Thomas J. Matz
Attorneys for the Debtors
Four Times Square
New York, New York 10036

Shearman & Sterling LLP
Attn: Douglas Bartner, Jill Frizzley
Local Counsel to Debtors
599 Lexington Avenue
New York, NY 10022

Latham & Watkins LLP
Attn: Robert J. Rosenberg
Attorneys for Creditors' Committee
885 Third Avenue, Suite 1000
New York, NY 10022-4834

The Office of the U.S. Trustee
Attn: Alicia M. Leonard, Deirdre A. Martin
33 Whitehall Street, 21st Floor
New York, New York 10004-2111

Davis Polk & Wardwell
Attn: Donald Bernstein
Postpetition Administrative Agent
450 Lexington Avenue
New York, NY 10017

Simpson Thatcher & Bartlett LLP
Attn: Kenneth S. Ziman, Robert H. Trust, William T. Russell, Jr.
Prepetition Administrative Agent
425 Lexington Avenue
New York, NY 10017

JP Morgan Chase Bank, N.A.
Attn: Clifford Trapani, Khuyen Ta
Pre/Postpetition Administrative Agents
1111 Fannin, 10th Floor
Houston, TX 77002

JP Morgan Chase Bank, N.A.
Attn: Gianni Russello, Vilma Francis
Pre/Postpetition Administrative Agents
270 Park Avenue
New York, NY 10017

By Regular U.S. Mail:

Capital Research and Management Company
Attn: Michelle Robson
11100 Santa Monica Blvd, 15th Floor
Los Angeles, CA 90025

Curtis, Mallet-Prevost, Colt & Mosle LLP
Attn: Steven J. Reisman
101 Park Avenue
New York, NY 10176-0061

Flextronics International Asia-Pacific Ltd.
c/o Flextronics International USA Inc.
Attn: Paul W. Anderson
2090 Fortune Drive
San Jose, CA 95131

FTI Consulting, Inc.
Attn: Randall S. Eisenberg
3 Times Square, 11th Floor
New York, NY 10036

General Motors Corporation
Attn: John Devine
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265

Hodgson Russ LLP
Attn: Stephen H. Gross
152 W. 57th Street, 35th Floor
New York, NY 10019

Internal Revenue Service
Attn: Insolvency Dept.
477 Michigan Avenue, Mail Stop 15
Detroit, MI 48226

Jeffries & Company, Inc.
Attn: William Q. Derrough
520 Madison Avenue, 12th Floor
New York, NY 10022

Mesirow Financial
Attn: Melissa Knolls
321 N. Clark Street, 13th Floor
Chicago, IL 60601

Office of New York State
Attorney General Eliot Spitzer
120 Broadway
New York, NY 10271

Cohen Weiss & Simon
Attn: Bruce Simon
330 W. 42nd Street
New York, NY 10036

Electronic Data Systems Corp.
Attn: Michael Nefkens
5505 Corporate Drive MSIA
Troy, MI 48098

Freescale Semiconductor, Inc.
Attn: Richard Lee Chambers, II
6501 William Cannon Drive West
MD OE16
Austin, TX 78735

General Electric Company
Attn: Valerie Venable
One Plastics Avenue
Pittsfield, MA 01201

Groom Law Group
Attn: Lonie A. Hasse
1701 Pennsylvania Avenue, NW
Washington, DC 20006

Internal Revenue Service
Attn: Insolvency Dept.
290 Broadway, 5th Floor
New York, NY 10007

IUE-CWA
Attn: Henry Reichard
2360 W. Dorothy Lane, Suite 201
Dayton, OH 45439

Kurtzman Carson Consultants
Attn: James Le
12910 Culver Blvd, Suite 1
Los Angeles, CA 90066

Morrison Cohen LLP
Attn: Joseph T. Moldovan
909 Third Avenue
New York, NY 10022

O'Melveny & Meyer LLP
Attn: Robert Seigel
400 South Hope Street
Los Angeles, CA 90071

O'Melveny & Meyer LLP
Attn: Tom A. Jerman, Rachel Janger
1625 Eye Street, NW
Washington, DC 20006

Philips Nizer LLP
Attn: Sandra A. Riemer
666 Fifth Avenue
New York, NY 10103

Securities and Exchange Commission
Reorganization Branch
233 Broadway
New York, NY 10279

Stevens & Lee, PC
Attn: Chester B. Salomon, Constantine D. Pourakis
485 Madison Avenue, 20th Floor
New York, NY 10022

Wilmington Trust Company
Attn: Steven M. Cimalore
Rodney Square North
1100 North Market Street
Wilmington, DE 19890

Pension Benefit Guaranty Corp.
Attn: Jeffrey Cohen, Ralph L. Landy
1200 K Street, NW, Suite 340
Washington, DC 20005

Rothchild Inc.
Attn: David L. Resnick
1251 Avenue of the Americas
New York, NY 10020

Seyfarth Shaw LLP
Attn: Robert W. Dremluk
1270 Avenue of the Americas, Suite 2500
New York, NY 10020-1801

Togut, Segal & Segal LLP
Attn: Albert Togut
One Penn Plaza, Suite 3335
New York, NY 10119